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CENTRAL INTELLIGENCE AGENCY

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SECURITY INFORMATION

50X1-HUM

INFORMATION REPORT

REPORT

CD NO.

COUNTRY

Germany (Russian Zone)

DATE DISTR.

16 July 1952

SUBJECT

Crisis Within the Socielist Unity

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SUPPLEMENT TO REPORT NO.

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- 1. The Soviets, dissatisfied with the state of mind and the stagnation of the Socialist Unity Party (SED), have ordered Walter Ulbricht, secretary general, to proceed with a purge of the higher cadres and a change in party tactics. The purge may reach as high as the technical Secretaries of State because of a slowlown in production.
- 2. Fritz Selbmann, Minister of Heavy Industry, may be a purge victim because of the delay in setting up industry in the Oder area. Georg Handke, Minister of Internal and Foreign Commerce and Food, has been severely criticized for the slowdown and diminition of East-West contraband. Faul Wandel, Minister of National Education, has been attempting to put the blame for the failure of the political educators on the Political Bureau, which he accuses of negligence in regard to teaching material. The People's Police is not immune from these purges, as the removal of Hambard (Maryler), which is instruction of the People's Police, indicates.
- 3. A large purge of the cadres is expected at the time of the National Conference of the SED in July, but the Soviet attitude on the German question may necessitate earlier removals.
- 4. There is conflict between Walter Ulbricht and Wilhelm Zaisser, Minister of the Security of the State and a friend of Lavrenti Beria. This crisis is expected to be settled shortly by the Soviets, who need East Germany in the new phase of the cold war between the Allied and Eastern Zones.

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